



Federal Deposit Insurance Corporation

[3064-NEW]

Agency Information Collection Activities: Submission for OMB Review; Comment Request Re FDIC Small Business Lending Survey

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and Request for Comment.

SUMMARY: The FDIC, as part of its continuing effort to reduce paperwork and respondent burden, and as required by the Paperwork Reduction Act of 1995, invites the general public and other Federal agencies to comment on the survey collection instruments for a proposed new collection of information, a Small Business Lending Survey of banks that is proposed to be fielded in June 2016. On October 7, 2015, the FDIC published a notice in the Federal Register requesting comment for 60 days on the proposed information collection (80 FR 60678). Two comments were received, and are discussed below. The FDIC hereby gives notice of its plan to submit to OMB a request to approve this new information collection, and again invites comment.

DATES: Comments must be submitted on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Interested parties are invited to submit written comments by any of the following methods. All comments should reference “FDIC Small Business Lending Survey”:

- *http://www.FDIC.gov/regulations/laws/federal/.*
- *E-mail:* comments@fdic.gov. Include the name of the collection in the subject line of the message.

- *Mail:* Gary Kuiper (202.898.3877), Counsel, MB-3016, or Manuel Cabeza (202.898.3767), Counsel, MB-3105, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, DC 20429.
- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 550 17th Street Building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.

FOR FURTHER INFORMATION CONTACT: Interested members of the public may obtain a copy of the survey and related instructions by clicking on the link for the [FDIC Small Business Lending Survey](http://www.fdic.gov/regulations/laws/federal/) on the following web page: <http://www.fdic.gov/regulations/laws/federal/> .

Interested members of the public may also obtain additional information about the collection, including a paper copy of the proposed collection and related instructions, without charge, by contacting Gary Kuiper or Manuel Cabeza at the address or phone number identified above.

SUPPLEMENTARY INFORMATION:

The FDIC proposes to establish the following collection of information:

Title: FDIC Small Business Lending Survey

OMB Number: New collection.

Frequency of Response: Once.

Affected Public: FDIC-insured depository institutions.

Estimated Number of Respondents:

1,500 respondents with assets less than \$1 billion.

500 respondents with assets of \$1 billion or greater.

Average time per response:

3 hours per respondent with assets less than \$1 billion.

6 hours per respondent with assets of \$1 billion or greater.

Estimated Total Annual Burden:

3 hours x 1,500 respondents = 4,500 hours

6 hours x 500 respondents = 3,000 hours.

Total: 7,500 hours.

General Description of Collection

Small businesses are an important component of the U.S. economy. According to the Small Business Administration, small firms accounted for almost half of private-sector employment and 63 percent of net new jobs between mid-1993 and 2013.ⁱ Many small businesses have little or no direct access to capital markets and are thus reliant on bank financing. For banks, small business lending is an important way that they help meet their communities' needs, especially for the many banks that primarily focus on commercial rather than consumer lending.

Due to the importance of small businesses to the U.S. economy and the importance of bank lending to small businesses, the proposed FDIC Small Business Lending Survey, which surveys banks, will provide important data to complement existing sources of data on small business lending. The proposed survey data will not duplicate existing sources of data and will provide additional insight into many aspects of small business lending.

The FDIC Small Business Lending Survey, proposed to begin data collection in June 2016, is designed to yield heretofore unavailable nationally representative estimates on the volume and details of small business loans extended by FDIC-insured banks. In addition, the survey will provide new information on banks' perceived competition and market area for small business lending. The survey will yield nationally representative estimates of small business

lending by banks of several different asset size categories and with different levels of urban or rural presence.

In addition to the questions on small business lending, the new survey will include some questions related to consumer transaction accounts that are directly responsive to the mandate in Section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (“Reform Act”) (Pub. L. 109-173), which calls for the FDIC to conduct ongoing surveys “on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check cashing account at an insured depository institution (hereafter in this section referred to as the ‘unbanked’) into the conventional finance system.” Section 7 of the Reform Act further instructs the FDIC to consider several factors in its conduct of the surveys, including: “what cultural, language and identification issues as well as transaction costs appear to most prevent ‘unbanked’ individuals from establishing conventional accounts.”

The consumer account-focused questions are designed to provide a factual basis for examining identification issues and transaction costs related to establishing mainstream transaction accounts at banks. These consumer account-focused questions have been added to the Small Business Lending Survey in lieu of fielding a separate second survey to respond to the Congressional mandate. The reason for the consolidation of these efforts is to reduce the burden on banks and increase the participation rate relative to fielding two separate surveys.

Comment Discussion

On October 7, 2015 (80 FR 60678), the FDIC issued a request for comment on a proposed new collection of information, a Small Business Lending Survey of banks that is

proposed to be fielded in June 2016. The FDIC received two comments related to this survey effort.

One commenter suggested that the FDIC separate the proposed survey into two separate surveys, one on small business lending and one on consumer bank accounts, in order to encourage participation, reduce the burden on respondents and ensure the accuracy of information collected regarding consumer bank accounts. To ensure accurate responses and minimize the effort necessary to gather information needed for responses, the FDIC conducted three rounds of cognitive testing of the survey questions across the U.S. in 10 states with 40 banks of different sizes and that serve different types of market areas. The cognitive testing was conducted to ensure that the survey questions are clearly worded and understood by bank personnel, and primarily draw on expert knowledge or data available in existing internal reports. To ensure that the appropriate bank personnel respond to the survey questions for which they have subject-matter expertise, the FDIC has also organized the questions into distinct sections that can be accessed independently and answered by different bank personnel. In addition, the section containing the consumer bank account questions has been renamed "Information about Consumer Bank Accounts" to more clearly indicate its focus. Fielding two separate surveys at about the same time may decrease participation for both surveys, and may increase the challenge of communicating with banks about the surveys, resulting in increased confusion.

One commenter recommended that the FDIC accurately explain the goal of the consumer bank account questions. The FDIC has revised the introduction to the "Information about Consumer Bank Accounts" section that explains the purpose of the consumer bank account questions. Additionally, the FDIC will transmit the survey to respondent banks with a cover

letter, which will include an overview of the survey and a discussion of the motivation for each section.

One commenter queried whether the question regarding “network branded general purpose reloadable prepaid cards” is intended to identify the universe of alternatives to full-service checking accounts offered by insured depository institutions, and, more specifically, expressed concern regarding the lack of definition of “network branded general purpose reloadable prepaid cards.” The FDIC intends this question to inquire about a specific type of card-based product offered by some insured depository institutions, not the universe of alternatives to full-service checking accounts. This question has been edited to refer specifically to “a Visa or MasterCard branded general purpose reloadable (GPR) prepaid card that your bank markets directly to consumers in your market area.” This revision is responsive to feedback that the FDIC received from the three rounds of cognitive testing with banks of different sizes and that serve different types of markets.

One commenter recommended that two questions about bank applicant screening processes, specifically inquiring whether prior account closure due to account mismanagement or applicant fraud on a prior account would make an applicant ineligible to open a basic, entry-level consumer checking account, be changed from accepting only “yes” and “no” responses to also including a third potential response of “it depends.” This commenter also suggested the addition of a follow-up question asking whether the bank offers an alternative account to those ineligible for the standard checking account. The FDIC has removed from the survey the question regarding applicant fraud on a prior account. The question regarding account mismanagement has been revised to include a third response, that applicants in this situation would be “eligible to open a second-chance account or an account with more limited features.” The additional answer

was developed in response to feedback from cognitive testing and is responsive to the suggestion offered here by the commenter.

One commenter cautioned that the FDIC should be mindful of the complexity and range of reasons why unbanked and under banked consumers do not fully engage with the banking system. This commenter expressed concern that the proposed consumer account questions in the survey focus on the costs of bank accounts and prior account mismanagement as impediments to opening bank accounts when studies suggest that the primary reasons for consumers not having an account are not having enough money or not wanting or needing an account. This commenter also cautioned that regulations may impede banks' ability to offer consumer products that might encourage greater participation within the banking system.

The FDIC is interested in the full range of reasons why some consumers are unbanked. To that end, the FDIC has asked, in each biennial Survey of Unbanked and Underbanked Households, for all the reasons that households are unbanked. The consumer banking section of this survey is intended, in large part, to provide a factual context for interpreting some of the results of other FDIC research efforts into consumer engagement with financial services and institutions. The consumer bank account questions in this survey represent one prong in a multi-pronged approach to understanding how unbanked and lower-income consumers make decisions about using financial services, how banks engage with those consumers through the development of products and services and outreach programs, and contextual factors that influence the choices of both consumers and banks.

One commenter expressed concern regarding the level of effort required of banks, especially community banks, to respond to the survey. The FDIC has made a concerted effort to streamline the survey and reduce the burden associated with providing responses. This effort

included three rounds of cognitive testing of the survey questions with banks of different sizes and that serve different types of market areas to ensure that the survey will capture useful information while minimizing response burden. In response to feedback from the cognitive testing, the FDIC has significantly reduced the number of questions in the survey, retaining only questions that rely on expert knowledge and do not require the gathering of data, or questions that require data that can be provided from core data systems or from existing internal reports. Additionally, the FDIC has also reduced the number of question that will be answered by banks with less than \$1 billion in assets. In addition, the FDIC has revised the survey to include screener questions that will also reduce the number of questions for banks with \$1 billion or more in assets whose systems do not collect specific information. The revised survey is now significantly shorter for banks of all sizes.

Request for Comment

Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

The FDIC will consider all comments to determine the extent to which the survey instruments should be modified prior to submission to OMB for review and approval. After the comment period closes, comments will be summarized and included in the FDIC's request to OMB for approval of the collection. All comments will become a matter of public record.

Dated at Washington, D.C., this 2nd day of February, 2016.

FEDERAL DEPOSIT INSURANCE CORPORATION

Robert E. Feldman,
Executive Secretary.

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ⁱ https://www.sba.gov/sites/default/files/FAQ_March_2014_0.pdf, accessed Sep 15, 2015.